

Message Text

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SUBJECT: FRANCHISING IN FRANCE

REF: PARIS A-72 , MARCH 15, 1978

1. THE SUMMARY FROM THE REFERENCED AIRGRAM FOLLOWS:
SUMMARY. WHILE FRANCHISING IN FRANCE IS UNLIKELY TO CONTINUE THE GROWTH (FRANCHISORS INCREASED 20 PERCENT PER YEAR) EXPERIENCED DURING THE FRANCHISING BOOM OF 1971-1976, A MODERATE GROWTH RATE APPROACHING 10 PERCENT PER YEAR CAN STILL BE EXPECTED. MANY PROMISING AREAS FOR FRANCHISING HAVE NOT BEEN DEVELOPED IN FRANCE. RECENT EXPERIENCE INDICATES THAT THESE AREAS HAVE GREAT POTENTIAL, AND THEY OFFER OPPORTUNITIES WHICH ARE OF INTEREST TO AMERICAN FRANCHISORS. AREAS SINGLED OUT BY THE TRADE AS PARTICULARLY INTERESTING ARE HOTELS, LEISURE ACTIVITIES, SERVICES IN GENERAL, AND CONVENIENCE STORES.

THE OPPORTUNITIES DO EXIST, BUT WOULD-BE FRANCHISE EXPORTERS MUST BE PREPARED TO ACQUIRE KNOWLEDGE OF THE FRENCH MARKET, ADAPT THEIR SYSTEMS TO THE FRENCH MENTALITY (BOTH FOR CLIENTS AND FRANCHISEES), AND CHOOSE THEIR FRANCHISEES CAREFULLY. GIVEN THE PROBLEMS, A SUCCESSFUL U.S. FRANCHISOR IN FRANCE WILL BE CONSTRAINED EITHER TO CONTRACT FOR A MASTER FRANCHISE TO QUICKLY ACQUIRE A SOURCE OF EXPERTISE IN THE
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FRENCH MARKET, OR TO PUT A MAJOR EFFORT INTO MARKET RESEARCH AND BE PREPARED TO ACCEPT RELATIVELY SLOW GROWTH FOR A 2 OR 3 YEAR PERIOD. END SUMMARY.

2. AN APPROPRIATELY PROCURED TRADE MISSION COULD SUCCEED ON THE FRENCH MARKET. IT IS IMPORTANT TO NOTE THAT AN OVERALL EUROPEAN COMMUNITY APPROACH IS

NOT POSSIBLE IN FRANCHISING. THEREFORE THE MISSION'S PREPARATION AND THE EVENTUAL FRANCHISES WILL HAVE TO BE ADAPTED TO EACH INDIVIDUAL COUNTRY.

3. OUR INQUIRIES WERE PARTICULARLY WELL RECEIVED BY MR. CHARLES SEROUDE, PRESIDENT OF THE SWISS FRANCHISING ASSOCIATION AND PRESIDENT OF EPAC INTERNATIONAL, A FRANCHISING COUNSULTANCY HEADQUARTERED IN PARIS WITH OFFICES THROUGHOUT EUROPE. MR. SEROUDE IS CURRENTLY ORGANIZING A SIMILAR EXCHANGE BETWEEN CANADA AND SWITZERLAND, AND WOULD BE HAPPY TO PARTICIPATE IN THE ORGANIZATION OF THIS MISSION. HE WILL BE VISITING N.Y. IN APRIL AND WOULD BE HAPPY TO COME TO WASHINGTON TO DISCUSS THE PROJECT IF USDOC FELT THAT THIS WOULD BE USEFUL. MR. SEROUDE COMMENTED THAT A PREPARATORY SEMINAR IN THE U.S. FOR THE MISSION PARTICIPANTS WOULD HELP INSURE A SUCCESSFUL PROMOTION.
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